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FOREIGN AGRICULTURE

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NETHERLANDS FEED INDUSTRY

EEC FARM FUND RUNS INTO TROUBLE

EEC OUTPUT AFFECTS IMPORTS FROM U.S.

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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Dutch Mixed Feed Industry Adapts To Changing Times

By DAVID W. RIGGS
Assistant U.S. Agricultural Attaché, The Hague

Steered by far-sighted leaders and up-to-date computers, the mixed feed industry of the Netherlands is managing to get the most out of a restricted import market for grains.

Feedgrain imports are vital to the huge Dutch livestock industry, which cannot obtain enough grain at home and has increasingly been threatened by high import charges built into the EEC's Common Agricultural Policy (CAP). During the step-by-step implementation of the CAP, which in July of last year brought common grain prices to all EEC countries except Italy, the cost of grain imported by the Dutch mixed feed industry rose steadily. And now the system of ever-changing levies and threshold prices makes importing an uncertain business.

The Dutch mixed feed producers have met this challenge by becoming sophisticated bargain hunters and innovative feed formulators, changing their formulas to include the most reasonably priced ingredients. As a result, the industry has been able to further expand output despite the high import levies.

So far, all this has not prevented a gradual increase in export sales by the United States, which counts the Netherlands as one of the top five importers of U.S. feedgrains, the sixth or seventh largest purchaser of U.S. soybeans, and an important outlet for corn gluten feed and other mixed feed ingredients. However, the growing tendency of Dutch mixed feed manufacturers to use products other than feedgrains could eventually reduce U.S. sales of feedgrains in this market.

An efficient industry

The Dutch mixed feed industry is the most advanced, efficient, sophisticated, and integrated in Europe. Its enviable position, while a tribute to the Dutch entrepreneur, was born out of necessity. For centuries, this tiny country has produced and exported livestock products, building around them its entire agricultural system. The country's location astride the Rhine River Delta made such a policy possible, as did the growing demand for livestock products from West Germany —the Dutch are often called the provisioners of Germany— and other European countries.

A vital link in this trade has historically been the import market. Because of its limited capability to grow its own feed inputs, the Netherlands must import grain to keep its livestock industry in business. This is not true of its major EEC markets and is the reason why the traditional Dutch trading position favored importing raw feed materials as cheaply as possible. The country's position has been changed,

however, by the EEC Common Agricultural Policy, which in turn has had a profound effect on operations of the Dutch mixed feed industry.

The compounder and the computer

As a result of this new situation, the Dutch have used their inventive talents as never before to keep livestock production a profitable, competitive export industry. The universal adoption of linear-programmed feed formulas has been an important part of this new posture.

Although linear-programming was still in its experimental stages only 5 or 6 years ago, it has quickly been embraced by the Dutch mixed feed industry. Computers have become the research tools and bookkeepers of the large mills who own and operate their own installations. They have become the buying and formulating guides of the small mills. And they have helped all mixed feed manufacturers meet the increasing costs of feed components, the intensification of competition within the industry, and other conditions brought about by the CAP for grains.

While the EEC grain price structure has made using imported grains less profitable, the computer has allowed formulators to explore possibilities for using various new combinations of feed products. As a result, the grain component in mixed feeds has been reduced from about two-thirds to less than one-half since 1957-58.

The ingenuity of the mixed feed producer in tandem with his computer appears to know no bounds. Animal fats, feed peas, and corn gluten feed are already being used extensively, and use of brewer's grains, pollard pellets, rice milling offals, and hominy is also rising. A more recent development—and one that sharply reduces energy requirements from grain—is the utilization of denatured sugar in feed. In view of the CAP for sugar, which encourages sugar output within the EEC, there seems little reason to believe this is a passing circumstance, particularly since technical barriers to sugar's use in feed have been removed.

Meanwhile, the search for other low-cost ingredients that can be substituted for grain continues. The computer allows the mixed-feed producer to move quickly in response to price changes, making the Dutch industry even more price conscious than it was in the past.

Total production gains

This flexibility is reflected in the production of mixed feeds. Since the advent of computerized feed formulating, the industry has been able to maintain a steady upward trend in production, which hit 6.2 million metric tons in 1966-67, compared with 3.5 million 10 years earlier. This included 1.6 million tons of rations for cattle; 2.6 million for hogs; 1.8 million for poultry; and less than 100,000 for sheep, horses, household pets, and other animals.

Despite its overall efficiency—as seen in this ability to expand at a time of rising raw-material costs—the industry is still made up of many small producers. In 1966-67, 1,271 firms and cooperatives were involved in mixed feed production. But less than 100 of these produced over 10,000 tons each of mixed feed, with nine of them together accounting for nearly 2 million tons. There were, on the other hand, nearly 1,000 small country plants that produced less than 3,000 tons each; this group as a whole accounted for under 15 percent of the country's total mixed feed production.

These small millers were the pioneer compounders. But like all pioneers, they run the risk of being forced out of business or absorbed by their major competitors. Some authorities see the number of small mills shrinking eventually from the present 1,000 to 400 or 500. Others feel that all will disappear because any mill producing less than 10,000 tons a year is inherently uneconomic.

Either of these processes will take a long time. For specialized purposes and because of localized advantages, the persistence of the small miller should not be underestimated. The local miller has an advantage over the large one in that he usually knows his customers and their individual needs,

Below, the Meulemans' Royal Compound Feed Industry (photo courtesy of KLM AEROCARTO). Right, a small feed mixing mill built on the ruin of a windmill.

DUTCH CONSUMPTION OF FEED PRODUCTS AS SUCH AND IN MIXED FEEDS

Item	Year beginning September 1					Year beginning July 1				
	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
	1,000 m.t.	*1,000 m.t.*	*1,000 m.t.*	*1,000 m.t.*	*1,000 m.t.*	*1,000 m.t.*	*1,000 m.t.*	*1,000 m.t.*	*1,000 m.t.*	*1,000 m.t.*
Grain	2,896	3,241	3,564	3,617	3,855	3,934	3,858	3,702	3,285	3,345
Grain derivatives	224	198	218	65	245	78				
Wheat offals	291	246	310	347	348	....	483	466	485	590
Other grain offals	15	15	15	20	79	430				
Cake and meal	638	654	757	744	824	892	936	[1] 1,075	[1] 1,305	[1] 1,325
Animal protein	140	160	207	207	236	225	217	232	210	225
Dry milk powder	25	30	30	50	88	101	136	150	145	145
Grass, clover, and alfalfa meal in compounds	30	30	30	30	110	150	155	165	170	190
Pulp	80	109	110	90	135	150	150	220	235	305
Molasses	40	65	70	70	120	120	160	160	190	225
Minerals	55	65	75	90	100					
Other	26	37	23	50	50	[2] 150	225	300	600	535
Total	4,450	4,850	5,460	5,440	6,190	6,230	6,320	6,470	6,625	6,885
Grain as a percent of the total	*Percent* 65	*Percent* 67	*Percent* 65	*Percent* 66	*Percent* 62	*percent* 63	*Percent* 61	*Percent* 57	*Percent* 50	*Percent* 49
Compounds as a percent of total concentrates fed	....	....	....	....	81.6	78.7	79.0	84.6	89.5	89.5

[1] Corn gluten feed included in totals as follows: 286,000 tons in 1965, 392,000 in 1966, and 444,000 in 1967. [2] Including feed peas. Jaarverslag, Produktschap voor Veevoeder.

which can more readily be met because of the small size of his batches. He also saves on dealer and transportation costs.

Thus, for the time being, the small millers, even as they gradually decline in number, will probably share in the growth of the mixed feed production. They will, however, have difficulty in two markets—the vertically integrated broiler industry and contract hog production. This latter type of enterprise, which now accounts for about 40 percent of Dutch hog production, involves raising the animals under some sort of agreement between the farmer, the feed producer, and the meat packer.

Prices and imports

The fortunes of all these feed manufacturers, large or small, depend greatly on the import market for grains and protein sources. A look at that market shows that while EEC gate prices of grains and other feed ingredients have risen absolutely, they have not gained significantly relative to the general increase in the Dutch cost of living. And the formulators' relentless search for bargain feed ingredients has resulted in a drop in the relative cost of mixed feeds.

Following is an index of costs—deflated by the cost of living—since 1959 for representative grain rations (1959 = 100) in the Netherlands:

Year	Cattle	Hog	Laying hen	Mixed grain
1959	125	110	119	100
1960	107	99	104	96
1961	111	109	113	103
1962	118	109	114	102
1963	112	104	110	97
1964	108	108	113	103
1965	106	110	114	107
1966	105	107	111	100

The prime source for the products that go into these rations is the United States. The Netherlands in fiscal 1967 imported 2.24 million tons (including some transshipments) of U.S. feedgrains and 299,000 of corn gluten feed, compared with 2.17 million and 62,000 4 years earlier. And in calendar

DUTCH OUTPUT OF COMPOUND FEEDS BY SIZE AND CLASS OF FIRM, 1966-67

Firm's yearly output (in 1,000 metric tons)	Private companies		Cooperative enterprises		Total	
	Number	*Metric tons*	*Number*	*Metric tons*	*Number*	*Metric tons*
0-3	836	717,307	118	167,884	954	885,191
3-10	125	640,744	95	524,277	220	1,165,021
10-50	35	667,289	44	863,211	79	1,530,500
50-100	4	279,102	5	333,270	9	612,372
100 +	6	958,759	3	1,008,903	9	1,967,662
Total	1,006	3,263,201	265	2,897,545	1,271	6,160,746
Share of total	....	*Percent* 53	....	*Percent* 47	....	....

1967, it bought 15 million bushels of U.S. soybeans for crushing against 10.9 million in 1963.

Despite the overall gain in this trade, there have been sharp ups and downs among the individual products, reflecting price changes. Where a few years back grain sorghum had gained a considerable market, corn is now replacing sorghum on a price basis. And U.S. corn gluten feed enjoyed a rise in popularity until this season when high prices began curtailing its markets.

As long as the substitution is only among such products, the United States is in a good competitive position. But recently there has been increased buying of products like brewer's grains and milling offals of wheat, corn, and rice. Also to be watched is the growing tendency of the Dutch to use denatured wheat and sugar from domestic and other EEC suppliers. This tendency will probably be strengthened in the 1968-69 marketing year, when higher threshold prices will result in a 13-percent increase in EEC import levies on feedgrains.

As to the Dutch mixed feed industry, it seems to be in complete control of the trade situation and able to move in any direction dictated by the economic or political demands of the EEC.

Soviet Livestock Expansion Slows

Reversing their views of the early 1960's, Soviet agricultural planners are starting to realize that productivity of the animals is more important than herd size.

By DAVID M. SCHOONOVER
Foreign Regional Analysis Division, ERS

Led by a sharp drop in hog numbers, livestock population in the Soviet Union experienced the most severe retrenchment last year since 1963. Part of this decline was probably brought on by disease, which had plagued livestock in the western regions. But it was also in keeping with a new Soviet policy that puts the stress on size and quality of animals rather than on numbers—priority of the 1950's and early 1960's.

Intentions on livestock growth in 1968 have not been revealed, but if government thinking continues along current lines, the slowdown in livestock expansion could continue in coming years.

As in the past, private farms in 1967 played an important part in production, accounting for 20 to 30 percent of total numbers. Nevertheless, their share of the total continued downward. During recent years the greatest drop has occurred in holdings of cattle, the least in those of sheep and goats.

Hogs responsible for decline

The most striking change in 1967 livestock herds was a 12-percent drop in hog numbers to a January 1, 1968, total of 50.8 million head. Declines occurred throughout the country but were most severe in the Ukraine. Major factor behind them was a sharp drop in farrowing rates in 1966 and 1967; this is illustrated in the following tabulation on the average number of piglets obtained annually per sow on state and collective farms.

	Number
1961	15.1
1962	13.8
1963	11.2
1964	13.1
1965	15.7
1966	10.8
1967	10.4

This decline in piglets probably was a result of a foot-and-mouth epizootic that flared up in late 1965 and caused heavy losses of young pigs through abortion or death shortly after birth. The disease apparently reappeared again during 1967 in the western part of the USSR, where reduction in numbers was the sharpest. It is not possible, however, to rule out effects from other diseases in these areas.

Another major influence on hog numbers during the past 2 years has been the shift away from small herds to specialized large-scale operations. The number of breeding sows on state and collective farms was reduced in the process, falling by 299,000 head in 1967 alone. The sow reduction led to a shortfall of about 3 million pigs in 1967.

Because the state and collective farms are a source of piglets for fattening on private plots, the decline in numbers was even more dramatic for the latter. Private plot holders obtained an average of 5 million piglets from the socialized farms in 1966-67, compared with about 8 million in 1965. The trend apparently continued through 1967.

Looking back, the 1967 decline represents the second major setback in hog numbers over the last 10 years. Beginning in the midfifties, hog numbers surged upward until the Soviet Union's crop failure of 1963. A shortage of feed that year forced heavy slaughter, and hog numbers plummeted from 70 million head to 41 million in the course of 1 year. A partial recovery succeeded that decline, and by 1966 numbers were back up to 59.6 million head. Then came the drop in farrowing and the current reduction in herd size.

Cattle numbers hold steady

Last year was comparatively uneventful for cattle population in the Soviet Union. Numbers of these animals remained unchanged from the previous year at 97.1 million head, while cow numbers rose slightly to 41.6 million. There was, however, a further drift toward socialized production, with numbers of cattle on state and collective farms increasing and those on private farms declining. Cow numbers on private holdings remained constant in 1967, indicating that the change was in numbers of young stock. This suggests that private herds have been rebuilt to about the maximum level permitted by the authorities. Currently there is emphasis on developing a beef industry in the Soviet Union.

SOVIET LIVESTOCK NUMBERS BY SECTOR OF ECONOMY, JANUARY 1

Year	Cattle			Cows			Hogs			Sheep and goats		
	So-cialized	Private	Total	So-cialized	Private	Total	So-cialized	Private	Total	So-cialized	Private	Total
	Mil. head	*Mil. head*	*Mil. head*	*Mil. head*	*Mil. head*	*Mil. head*	*Mil. head*	*Mil. head*	*Mil. head*	*Mil. head*	*Mil. head*	*Mil. head*
1958	37.6	29.2	66.8	13.6	17.8	31.4	29.6	14.7	44.3	96.0	34.1	130.1
1959	41.6	29.2	70.8	14.8	18.5	33.3	33.5	15.1	48.7	102.8	36.4	139.2
1960	49.2	25.0	74.2	16.8	17.1	33.9	39.6	13.8	53.4	108.7	35.2	144.0
1961	52.7	23.0	75.8	18.5	16.3	34.8	43.3	15.4	58.7	106.2	34.1	140.3
1962	58.2	23.9	82.1	20.1	16.3	36.3	49.4	17.3	66.7	109.1	35.4	144.5
1963	62.5	24.5	87.0	21.8	16.2	38.0	53.9	16.1	70.0	110.9	35.5	146.4
1964	61.4	24.1	85.4	22.3	16.0	38.3	27.7	13.2	40.9	108.4	31.1	139.5
1965	62.1	25.1	87.2	22.6	16.2	38.8	38.4	14.5	52.8	100.2	30.5	130.7
1966	65.6	27.9	93.4	23.5	16.6	40.1	41.4	18.2	59.6	103.1	32.2	135.3
1967	67.8	29.3	97.1	24.1	17.1	41.2	41.5	16.5	58.0	107.7	33.3	141.0
1968	68.7	28.4	97.1	24.5	17.1	41.6	37.2	13.6	50.8	110.4	33.5	143.9

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1960	49.2	25.0	74.2	16.8	17.1	33.9	39.6	13.8	53.4	108.7	35.2	144.0
1961	52.7	23.0	75.8	18.5	16.3	34.8	43.3	15.4	58.7	106.2	34.1	140.3
1962	58.2	23.9	82.1	20.1	16.3	36.3	49.4	17.3	66.7	109.1	35.4	144.5
1963	62.5	24.5	87.0	21.8	16.2	38.0	53.9	16.1	70.0	110.9	35.5	146.4
1964	61.4	24.1	85.4	22.3	16.0	38.3	27.7	13.2	40.9	108.4	31.1	139.5
1965	62.1	25.1	87.2	22.6	16.2	38.8	38.4	14.5	52.8	100.2	30.5	130.7
1966	65.6	27.9	93.4	23.5	16.6	40.1	41.4	18.2	59.6	103.1	32.2	135.3
1967	67.8	29.3	97.1	24.1	17.1	41.2	41.5	16.5	58.0	107.7	33.3	141.0
1968	68.7	28.4	97.1	24.5	17.1	41.6	37.2	13.6	50.8	110.4	33.5	143.9

The 1967 performance for cattle and cow production is in sharp contrast to that of the past 10 years when numbers maintained a steady upward course. During that decade, the rate of growth in cattle numbers averaged 3.8 percent per year; there was only one modest decline and that was in the feed-short season of 1963. The rate of growth in cow numbers averaged a smaller 2.8 percent over the decade. Nevertheless, as of January 1, 1968, about 43 percent of the cattle herd still was classified as cows—intended primarily for dairying.

Sheep and goat numbers increase

Bucking the downward trend in livestock population, sheep and goat numbers rose 2 percent to 143.9 million head during 1967. Here again, socialized farms made better headway than private farms, although both sectors reported larger numbers in 1967. Despite the net increase, numbers of these animals, as well as cattle, were reduced in the western republics of the USSR—the Ukraine, Moldavia, Belorussia, and the Baltics. As with hogs, the animals probably felt lingering effects of foot-and-mouth disease. Also, there was probably some shift in livestock raising to more eastern regions as part of specialization efforts. Nevertheless, drought in the eastern regions may have retarded livestock growth.

The long-term trend for sheep and goats shows numbers fluctuating from year to year. They reached a peak on January 1, 1963, only to drop about 11 percent during the next 2 years, mainly as a result of poor range and overwintering conditions. Since then, a partial recovery has been achieved, with the inventory on January 1, 1968, almost equal to that of 1960. All of the recent expansion has been in sheep numbers; goat numbers have fallen steadily during the past 10 years and now comprise only about 4 percent of the total.

Future depends on feed supply

The slowdown in growth of livestock herds could continue as Soviet planners realize the inadequacy of the present feed base to increase quality and productivity of the animals. Official Soviet data indicate that the average intake of feed concentrates per standard animal unit during 1958-65 was 480 kilograms, or 60 percent of the U.S. level for the same period. Recognition of the generally small use of feed concentrates apparently already is reflected in some shift in emphasis from hogs to cattle as a source of meat production. However, significant improvement in productivity could occur if livestock numbers and feed supplies are brought into line.

Australian Rice Production Off

Drought and unusually hot weather combined this year to reduce rice production in New South Wales, Australia, from the record level of 1967. However, the crop is larger than had been expected.

Estimated at 200,000 long tons of paddy, the New South Wales crop is off 11,000 tons from the record 1967 level—this in spite of increased acreage. The most severe drought in the area's history, accompanied by hot weather, brought about a drop in yields, estimated at 2.6 tons per acre compared with 2.86 last year. Only very wise planning and allocation of water saved the crop.

As in the past, the greatest share—about 155,000 tons—of this will move into export. Major markets for New South Wales rice include the Territory of Papua and New Guinea, Okinawa, and other Pacific and Asian areas. The United Kingdom also takes small quantities of milled rice.

New South Wales grows virtually all Australia's rice but infant industries have been set up in Western Australia and Queensland (see *Foreign Agriculture*, June 10, 1968).

NEW SOUTH WALES PADDY RICE SUPPLY AND DISTRIBUTION

Item	1966 [1]	1967 [1]	1968 [2]
	Acres	*Acres*	*Acres*
Area harvested	64,398	73,724	77,051
	1,000	*1,000*	*1,000*
Supply:	*long tons*	*long tons*	*long tons*
Stocks (January 1) [3]	18	19	20
Production	179	211	200
Imports	....	....	2
Total supply	197	230	222
Distribution:			
Exports	128	160	155
Industrial	4	4	4
Food	42	42	43
Seed [4]	4	4	5
Stocks (December 31) [2]	19	20	16
Total distribution	197	230	222

[1] Revised. [2] Preliminary forecast. [3] Official data not available—embassy estimate. [4] Basis 130 pounds of seed to acre.

Spain's Grain Prospects Good

Total 1968 grain production in Spain is expected to approximate last year's record 10.2-million-ton harvest. Both winter and spring grain crops have benefited from favorable growing conditions, and yields this year may equal or even exceed those obtained in 1967. Acreage planted to grain in 1968 was up slightly.

Owing to both good yields and a 24-percent increase in area to 4.6 million acres, the barley harvest in Spain is forecast at 3 million tons, about 14 percent higher than in 1967. This marks the third consecutive year of large gains in barley production. In 1968, Spain will likely be self-sufficient in barley.

Corn production, forecast at 1.4 million tons, is expected to show a gain of 10 percent over 1967 output. Favorable weather and the use of better seed and more fertilizers are given credit for the improved yields that are raising projected production figures. Area planted to corn is estimated at approximately the 1967 level of 1.2 million acres.

Spain will continue to depend heavily on imported supplies of corn in order to meet the large feeding demands of its livestock and poultry industries. In 1967, Spain produced 4.3 million tons of feedgrains and diverted substantial wheat supplies to feed use, yet corn imports rose to 2.6 million tons from the 2.4 million imported during the previous year.

Owing to a 9-percent reduction in area, the 1968 wheat crop is forecast to decline proportionately to about 5 million tons.

Despite this decline and the denaturing of 600,000 tons of the 1967 wheat crop for livestock feed, Spain will continue to have a surplus wheat problem in 1968. Carryover stocks are expected to be about 2 million tons at the beginning of the 1968 harvest. Assuming that an equal amount of wheat is fed to livestock this year, Spain will have from 1.0 to 1.25 million tons available for export from the 1968 harvest. In 1967, Spain exported close to 380,000 tons of wheat plus 85,000 of wheat flour (grain equivalent).

Austria Acts To Cut Dairy Surpluses

Austria, like many of its European neighbors, is struggling with a dairy product surplus that threatens to become worse in coming years. To correct this situation, the Austrian Government has enacted several measures aimed at discouraging factory output of milk products and subsidizing dairy-product exports.

Surpluses have been common to the Austrian dairy industry for several years, but they did not become critical enough to provoke action until this year. Now, however, the country faces a 25-percent gain in milk output and a similar jump in exports of dairy products at subsidized prices. Federal funds for these export subsidies and for producer price supports are no longer adequate, and Austrian taxpayers are unwilling to supply the needed money.

Surplus provokes action

Hence, on April 25 of this year, the Presidents of Austria's Chambers of Agriculture met to decide what to do to cut the drain on public funds and to bring milk supply more in line with demand. The measures they devised, while not eliminating Austria's heavily priced protection for dairy producers, could result in some farmers leaving the dairy industry.

Among the new measures is a higher deduction from the producer milk price to finance exports of dairy products. The new deduction amounts to about 32 cents per hundredweight, compared with the old 8 cents, and is retroactive to April 1, 1968. An additional 1.6 cents per hundredweight will be withheld as a contribution to a stepped-up advertising campaign on the domestic market. Assuming annual milk marketings of 2,150,000 metric tons, this operation will net roughly $13.5 million—enough to finance the greater part of the export subsidies needed during 1968.

A second step is an increase beginning July 1, 1968, in the butterfat requirements for milk sold at the gross producer price of $3.68 per hundredweight. These requirements are now 3.7 percent butterfat, compared with the former 3.5 percent.

Also effective July 1, milk delivered to factories will be classified on the basis of bacterial count. Class I milk will bring $3.84 per hundredweight (the producer price plus a quality supplement). Class II will bring the normal producer price of $3.68, and Class III will bring $3.52.

Earlier in the year, the government decided to give a lump sum compensation of $31 per finished animal to farmers who agree to feed calves on a whole milk ration to a live weight of at least 330 pounds. This payment is to feeders for the loss of subsidy due them for milk sold on the market. Also, the government liberalized traditional practices governing the serving of milk for immediate consumption at food retail stores.

Further trade restrictions

On the trade side, the government earlier in the year raised the import equalization tax for dairy products. Actually, this increase affects only imports of cheese, which are liberalized from the GATT area and have totaled over 3,000 tons annually. Other dairy products are already subject to quantitative import restrictions that make importing them practically impossible.

These measures combined will lead to a substantial reduction in the net return to milk producers. Producers of Class I milk will see their incomes cut by about 6½ percent, while those for Class II and III milk will suffer reductions of up to 11 and 15½ percent, respectively.

Farmers in the major dairy Provinces of mountainous western Austria stand to be hurt the least in this process because milk quality there is usually high enough to qualify for Class I. But in the eastern grain and sugarbeet area milk quality is relatively low, so the overall decline in returns from milk sales will be substantial.

These changes are in line with thinking of Austria's agricultural economists. They have long held the view that dairy operations should be concentrated in the greenland areas to the west, where climatic conditions and other factors make crop farming possible only on a limited scale. Farmers in the rich cropland sections of eastern Austria, these experts feel, should cut dairy operations to a minimum and emphasize cattle feeding instead.

How the surplus developed

Austria's dairy surplus problems stem from much the same source as those of the EEC—that is, absolute price protection for the dairy farmer. (The EEC protection has caused surpluses of 400 million pounds of butter and almost 300 million of nonfat dry milk for the first quarter of 1968.) Traditionally, the country's dairy plants have been required to accept for processing at a fixed price any amount of milk that farmers within a plant's area might wish to sell. This arrangement has been popular with the dairy farmers since it offers them maximum protection from the vicissitudes of the market. The Austrian taxpayer, on the other hand, has had little reason to praise the setup, for it is he who must finance, through the federal budget, the producer price subsidy on milk.

And marketing the large quantities of milk produced under such conditions has created a further drain on the taxpayer's pocketbook. Since domestic consumption of dairy products has actually declined in recent years, the government's policy has been to export at any price. With export prices extremely low because of the world dairy-product surplus, this policy has meant heavy export subsidies.

A look at recent production figures shows that Austrian factory output of almost all kinds of dairy products was higher in 1967 than in the previous year. Biggest jump was in output of dry whole milk, which rose 35 percent to a record level of almost 29,000 metric tons. This reflects the endeavor of the industry to put excess supplies of milk "on ice" with the hope that some day an outlet may be found for them.

Exports of the products also rose in 1967 but not enough to take up the gain in output. As a result, butter stocks rose by 1,876 tons and cheese stocks by 756.

For 1968, the Minister of Agriculture is predicting a 25-percent jump in milk production. This means that unless domestic consumption can be expanded, exports of butter will have to be doubled to 10,500 tons, and those of cheese increased 4½ times to 15,400.

—Based on dispatches from HENRY A. BAEHR
U.S. Agricultural Attaché, Vienna

EEC Agricultural Fund Runs Into Trouble

By G. ROBERT BUTELL
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Financing its common agricultural policy (CAP) has become a thorny issue in the European Economic Community. Member states supplement the import-levy income of the Community's Agricultural Fund with allocations from their national treasuries, and several are loudly protesting the burdensome costs and open-end financing. With its agricultural financing in a transitional phase until 1970 the EEC must cope with problems of mounting agricultural surpluses and a swelling budget. And a clear-cut solution is not yet in sight.[1]

The Fund's role, essentially, is to help bring up EEC farm income through a system of price supports and export subsidies. In line with the Community's gradual shift to a CAP for all commodities, the Fund's budget has increased each year. Annual allocations during the first 6 years of its operation and for 1968-69 and 1969-70 are as follows:

	Million dollars		*Million dollars*
1962-63	28.7	1966-67	370.4
1963-64	50.7	1967-68	1,313.0
1964-65	162.9	1968-69	1,804.0
1965-66	240.1	1969-70	1,829.0

The EEC Commission has had trouble keeping to its allocation schedule, however. Overproduction of dairy products and soft wheat, the extension of the CAP to additional products, higher commodity prices, and more complete coverage of expenses by the Fund[2] could push the 1967-68 budget to more than $2 billion. The 1967-68 agricultural season is the first in which the Fund has covered all eligible market support and export subsidy expenses for a commodity. Up till now, member governments themselves have paid a portion of the expenditure for each product.

Contributions from members

The 1967-68 season is also the first in which the member states have contributed to the Community as much as 90 percent of the levies which they impose on selected agricultural imports from third countries. Previously, a large percentage went to national agricultural programs. Payment of national levies to the Fund is estimated to cover less than half, or about $589 million of the $1,313-million allocation for 1967-68. The remaining expenditure will be covered from national treasuries on the following fixed scale: France, 32.0 percent; Germany, 31.2 percent; Italy, 20.3 percent; the Netherlands, 8.2 percent; Belgium, 8.1 percent; and Luxembourg, 0.2 percent.

The principle of common financing is an essential part of the entire common agricultural policy, and this is not the first time that its problems have reached crisis proportions. In 1965 normal Community activities were interrupted due to disagreement concerning whether or not the Community should have its own financial resources and objections to calculating member state contributions to the Fund. Some observers point out that expenses of the Fund are not entirely a new form of expenditure in that they replace national expenses which would be incurred in the absence of a common agricultural policy.

Problem acute in dairy

The Community's dairy surplus has been a major cause of its financial woes. Community butter stocks on April 1, 1968, totaled approximately 180,000 metric tons. Assuming that present trends in production and consumption continue, butter stocks are estimated to increase by 90,000 tons in marketing year 1968-69 and 130,000 tons in 1969-70. Unless new measures are applied, the Community expects total butter stocks of about 750,000 tons by April 1972.

The EEC dairy problem has been most severe in the butter market because butter can be held in cold storage and is an established method of utilizing milk fats. There are also increasing marketing difficulties for cheese and for all forms of preserved milk.

Financing these dairy surpluses for a unified market may cost $900 million in the 1968-69 marketing year, with $630 million to be paid by the Fund in contrast to $370 million in 1967-68. The CAP for cereals is also causing problems. Supporting the common market in grains (unified July 1, 1967) will cost an estimated $536 million in 1967-68 compared with $136.5 million in the 1966-67 season. Contributing to this increased cost in cereals are export subsidies for a sale of 500,000 metric tons of French wheat to Mainland China in February 1968.

Several EEC member countries have already indicated that they will not tolerate runaway expenditures on farm surpluses. Net contributors to the Fund—like West Germany—are especially concerned.

A number of proposals have been made to pull the Community out of its fiscal predicament. Dr. Sicco Mansholt, the EEC's Vice President in charge of Agriculture, is attempting to lead the Community away from a policy based primarily on price supports. Mansholt and others believe that structural reform in agriculture is required as a long-term solution to improve the standard of living of Community farmers.

The European Parliament (consisting of members from the six national parliaments) in March rejected Dr. Mansholt's plan, which—among other things—would have reduced the common milk price by 2½ percent, from 4.4 cents to 4.3 cents per pound, leaving it at this level for 4 years. The plan also called for cash subsidies to farmers who reduce dairy cow numbers and expand beef herds.

Along the lines of altering farm makeup, the Commission has recommended that the funds saved from proposed lower milk prices be used for structural measures. (The Common Market now has approximately 6 million farms of over 2½ acres. About 70 percent of these are under 25 acres—including land operated on a part-time basis—while only 3 percent are larger than 125 acres.) The Guidance Section of the

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[1] A step towards stabilizing finances was taken May 29 when the EEC's agricultural ministers agreed on a joint dairy and beef policy which, among other things, would provide for ad hoc negotiations to pay 1968-69 expenses exceeding $630 million.

[2] The Fund paid one-sixth of market support and export refund costs in 1962-63, one-third in 1963-64, one-half in 1964-65, three-fifths in 1965-66, and seven-tenths in 1966-67.

Agricultural Fund provides $285 million annually for measures to improve the structure of farming and of agricultural marketing. But programs to encourage farm consolidation on a large scale, either on a Community-wide or national basis, have not been initiated to date.

Early in 1967, however, the EEC Commission did submit to the Council a proposal to encourage syndicates of agricultural producers. Under this proposal cooperatives would, in addition to distributing farm output, expand into the management of production and supervision of quality standards. The syndicate's members would be required to deliver their total output of products under contract. This last requirement was not accepted by the Council of Ministers for the final regulation, however.

The Community is now moving towards expenditures which will far exceed its income from 1970 levies and has no plan to cover the difference. Use of revenue from import duties on manufactured products is one possibility.

The Guarantee Fund will receive increasing attention at both Community and national levels. Ability of the Community members to negotiate the financial issues of the European Agricultural Fund may determine the ultimate success or failure of the common agricultural policy.

Canadian Farmers Request Higher Prices for Wheat

By RICHARD H. ROBERTS
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Western Canadian farmers last month intensified their campaign for higher prices and better markets for their wheat in a special statement designed for presentation to the leaders of Canada's political parties.

In the statement, western representatives of the Canadian Federation of Agriculture: (1) Repeated their call for a floor price of C$2.12 per bushel for No. 1 wheat, basis Lakehead; (2) advocated an extra $1.00 per bushel for wheat used in Canada; and (3) urged positive steps to develop new export markets.

The document containing the new expression of farm views was drawn up by the Western Agricultural Conference of the Canadian Federation of Agriculture. The constituent members of this group represent most of the 198,000 farmers who hold delivery permit books in the Canadian Wheat Board's designated area of responsibility—the prairie provinces of western Canada and a few nearby areas in adjoining provinces where spring wheat is grown. The Conference consists of the Saskatchewan Federation of Agriculture, Alberta Federation of Agriculture, and Manitoba Farm Bureau.

Officials of these groups presented the Conference brief, which draws attention to the special problems faced by farmers who grow wheat in western Canada, to Opposition Leader Stanfield on May 18 and to Prime Minister Trudeau the week following. Further presentations to other Canadian leaders were planned before the election of the House of Commons on June 25.

Wheat consumers would pay more

"What we seek," the report says, "is a government guarantee of $2.12 a bushel on the basis of No. 1 Manitoba Northern at the Canadian Lakehead and we advocate that price because it was the average selling price for that grade of wheat in the preceding crop year. We also seek an additional $1.00 a bushel from wheat consumers for the 50 or so million bushels of wheat sold to mills for domestic consumption for humans in Canada and we urge that this additional $1.00 a bushel be acquired from the eventual consumers of this wheat by raising the price of bread by, say, 2 cents a loaf. The additional $1.00 would not come from the government but from millers when they purchase wheat from the Canadian Wheat Board. In turn the miller could recover by charging the baker more for flour.

"Finally we ask that some system be devised for distributing the additional $1.00 from domestic consumption which would limit the return to individual farmers so that the largest farmers do not necessarily receive larger payments than the others. In this proposal we seek to recognize need. This could be accomplished, for example, by limiting the quantity of wheat from any individual farmer or by fixing a maximum payment per farmer to so many dollars each."

More vigorous exporting urged

The brief states that because less Canadian wheat is moving onto world markets this year than in recent years "Increased vigor is required to increase wheat trade." One of the conclusions is that new and different techniques of selling wheat may be required. The document urges those who form the next government to give increased attention to this question.

The statement points out that Canada has lost overseas sales during the current crop year because of severe price cuts by other exporters, that farmers in other major wheat exporting countries are not affected by the lower selling price for their wheat because their governments have elaborate subsidy systems.

Data provided in the statement show how farm costs continue to rise in the face of lowered returns. According to the document, "Farmers have done what they could for themselves to offset the impact of rising costs by changing their operation and improving their practices. But despite the improvements many farmers find their increased productivity insufficient to offset their rising costs."

Proposed IGA recommended

The document urges "those charged with the Government of Canada after June 25 to do everything in their power to ensure the successful implementation of the proposed International Grains Agreement."

Note was also taken of the world food situation. One passage states, "we believe that Canada must increase in every way possible our contribution towards the alleviation of hunger and malnutrition throughout the world."

The feeling expressed was that not only is this desirable for humanitarian reasons but it also is a means of bringing countries to a point where the standard of living improves and economic development takes place, and eventually, new markets result.

Agricultural Progress in Eastern Europe

By ROGER E. NEETZ
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East European countries are planning for small to moderate gains in gross agricultural output this year, following last year's tapering off in production. Official plans for 1968 call for gains of 2 to 3 percent in the gross farm output of the industrial countries of Czechslovakia and East Germany, gains of 3 to 4 percent in Hungary and Poland,[1] and gains of 5 to 10 percent or more in Bulgaria, Romania, and Yugoslavia.

Because of the reported unfavorable weather conditions throughout the southern part of Eastern Europe there is a strong likelihood that Bulgaria, Hungary, Romania, and Yugoslavia will be hard pressed to meet the 1968 goals.

In 1967, the economies in these countries continued to exhibit strength, most of them reflecting a favorable response to economic reforms introduced in the past few years. These reforms have included decentralization of several aspects of enterprise activities, introduction of some features of market economies, and the placing of greater emphasis on satisfying consumer demand. Gains in national income ranging from 5 to 9 percent were reported for all the countries except Yugoslavia.

1967 production

Agricultural output in 1967 returned to a more nearly normal pattern of development after the exceptionally good year of 1966. Bulgaria, Czechoslovakia, East Germany, and Poland showed gains ranging from 1 to 3 percent in net agricultural output, as measured by an index computed by the U.S. Department of Agriculture. Output in Hungary and Yugoslavia declined 2 to 3 percent. Output in Romania remained at about the same level as in 1966.

The major thrust of East European agriculture in 1967 was noted in the livestock sector. Better-than-average supplies of feed on hand at the beginning of 1967 favorably influenced the output of livestock products.

At the beginning of 1967, livestock numbers (except horses) and output of livestock products were higher than in 1966. During 1967, beef production increased 5 percent over 1966; pork, 1 percent; mutton and lamb, 6 percent; poultry, 11 percent; eggs, 4 percent; and milk, 3 percent.

Increasing per capita availability of livestock products is a common goal throughout East Europe. Although per capita consumption of meat and meat products is still low compared with most West European countries, recent gains in meat output have tended to narrow the gap.

Agricultural gains in recent years have allowed all East European countries—but particularly Bulgaria, Romania, and Yugoslavia—to consider using the increased production for consumption rather than exports. Although this shift is only moderate at the moment there is evidence that per capita consumption of meat, milk, eggs, fruits, and vegetables is increasing.

Today, estimated annual per capita consumption of meat in Czechoslovakia is 121 pounds and in East Germany, 137 pounds. Hungary has the highest per capita consumption of poultry, 26 pounds per year. Poland has the highest consumption of milk and milk products, 529 pounds per person per year.

Cereal and industrial crop production in 1967 was considerably changed from 1966—the changes due mainly to weather conditions.

Production of wheat, rye, barley, oats, and mixed grains altogether was an estimated 5 percent above 1966. To a large extent this increase in total production was due to good wheat harvests.

Wheat production in 1967 amounted to 24.7 million metric tons, compared with 22.4 million tons in 1966. Average wheat yield in the seven countries was 37 bushels per acre —ranging from 51 bushels per acre in East Germany down to 30 bushels per acre in Romania.

Rye production was down to 10.7 million tons in 1967 from 10.8 million tons in 1966. Barley production increased slightly to 7.8 million tons, and oats production was 5.3 million tons.

Corn output in 1967—at 19.5 million tons—was 14 percent below the record of the previous year because of a mild but prolonged drought in the corn-growing countries of Bulgaria, Czechoslovakia, Hungary, Romania, and Yugoslavia. Romania and Yugoslavia, the major producers, showed decreases of 1,200,000 tons and 800,000 tons.

Drought also affected the production of industrial crops in Bulgaria, Hungary, Romania, and Yugoslavia. Potato production was roughly the same as in 1966 but 1 million tons below 1964's peak output. Sugarbeet production dropped 400,000 tons. Sunflowerseed production also declined, mainly because of lower output in Yugoslavia and Hungary.

Few policy changes

Policy decisions relating to agriculture in 1967 tended to follow the 1966 pattern—strong emphasis on increased use of fertilizer, machinery, and other inputs; continued reform in pricing policies; and adoption of management and organizational programs that leave more of the day-to-day decision making to farm managers.

In 1967, Bulgaria and Czechoslovakia gave most emphasis to organizational and management reform. East Germany extended management reforms that were introduced several years ago. Hungary introduced new price guidelines for most products, effective January 1, 1968. Poland raised purchase prices under existing contractual agreements. Romania and Yugoslavia moved toward a more rapid introduction of modern farming technology. Yugoslavia, which in earlier years had stimulated production through its pricing policies, placed restraints on further price increases following the development of marketable surpluses of sugar, wool, hides, tobacco, and beef.

Among the important economic reforms affecting agriculture are those related to foreign trade. In Yugoslavia, a member of GATT since 1966, gradual liberalization of trade controls and greater reliance on more conventional trade regulation methods are already in evidence. Poland became a full

[1] Gain for Poland based on 4-year average.

contracting party to GATT in September 1967. In Hungary, selected enterprises can now deal directly with foreign firms rather than dealing through state trading corporations. Bulgaria has a somewhat similar arrangement. In Czechoslovakia a new Western-oriented trade policy could evolve from the current economic debate over the bilateral pricing arrangements with other Communist countries.

All countries showed gains in fertilizer use. East Germany, by far the leading user, applied 189 pounds of active ingredients per acre in 1967. Romania had the lowest application rate, approximately 33 pounds per acre. Bulgaria and Czechoslovakia used about 112 to 116 pounds per acre and Hungary, Poland, and Yugoslavia, 54 to 71 pounds per acre.

Foreign trade

East Europe's countries have continually faced economic shortcomings that affect their agricultural trade. In most years, balance-of-payments problems have restricted growth of imports. In recent years, rising domestic demand has affected the capacity to increase exports.

However, agricultural exports still contribute sizably to the foreign trade earnings of Bulgaria, Hungary, Poland, Romania, and Yugoslavia. In Czechoslovakia and East Germany, imports require substantial cash outlays.

During 1966, Eastern Europe imported about 6 million metric tons of breadgrains—wheat and rye—40 percent of them from the USSR and 26 percent from the United States. It also imported 1.5 million tons of feedgrains, of which 70 percent came from the United States.

In 1967, grain import requirements were lowered considerably by the good grain harvest of 1966, and grain exports from Eastern Europe increased. Bulgarian wheat exports rose from 400,000 tons in 1966 to 600,000 tons in 1967. Yugoslav corn exports rose to an estimated 900,000 tons compared with 356,000 tons in 1966. Total grain exports of Romania probably increased from the 1966 level of 1.3 million tons, most of which was corn.

In addition to breadgrains, feedgrains, and cotton, Eastern Europe also imports rice, feed supplements, tobacco, oilseeds, animal fats, and hides and skins. Exports consist of meat (primarily hams), eggs, sugar, fruit, vegetables, and tobacco. These are exported primarily to earn hard currency.

East Germany, Czechoslovakia, and Poland are the major importers of feedgrains. Yugoslavia imports wheat and because of the dry spring will probably increase imports significantly over the 460,000-ton level of 1967. For a similar reason it is possible that Hungary, normally self-sufficient in breadgrains, may import wheat during the 1968-69 trade year.

Important trade developments in late 1967 that could affect East European commerce this year were the extension of a grain trade agreement between Canada and Bulgaria and the announcement of planned imports of 200,000 tons of feedgrains by Hungary from the Soviet Union under a bilateral trade agreement.

Report Examines Changes in U.K. Cereal Policies

Because of the importance of the United Kingdom as a market for U.S. cereal exports, U.K. agricultural policies which relate to that country's cereal imports are of especial interest to the United States. Such policies are examined in a new Foreign Agricultural Service publication—*Cereal Policies in the United Kingdom, 1870-1967* by Lyle P. Schertz, USDA Foreign Agriculture Report 130.

According to the report, "Many adjustments and modifications have been made in U.K. cereal policy over the years. However, since World War II, the primary focus has been increased self-sufficiency. World War II brought about profound changes in U.K. cereal policy. For many years previous, the policy had favored imports of cereals and discouraged domestic production."

Although the publication discusses changes in U.K. cereal policy over nearly a century, its major emphasis is on the past 30 years. Brief reviews of policy developments from 1870 to 1960, during the depression years of the 1930's, in World War II, and in the postwar period to 1964 help to place recent policy changes in perspective.

Recent policy changes are also considered in light of some of the major trends and developments in the U.K. cereals economy—such as the sharply increasing cereal yields, cereal imports that only lately have been surpassing their pre-World War II levels, and expenditures for cereal deficiency payments as a major portion of the total Exchequer cost of agricultural support. These trends and developments, along with the evolution of government policy, led to the proposal, negotiation, and introduction of minimum import prices and standard quantities in 1964.

An entire chapter of the report is devoted to changes in 1964. This chapter discusses the U.K. Cereals Agreement signed in April of that year with the country's major cereal suppliers, identifying the Agreement's more important features and pointing up some of the economic relations and history relevant to its various aspects. The 1967 Kennedy Round negotiations did not change the U.K. policies set in motion by the Agreement.

The publication's final chapter on post-Agreement developments highlights imports and program changes and the government's National Plan published in 1965. The concluding paragraph of this chapter states that "Thus, British cereal policy still appears to be focused on increased self-sufficiency. Although many adjustments and modifications have been made in the policy since World War II, they do not suggest a change in the primary policy goals."

In general, the report includes only summary-type data in the text. Statistical tables are supplied in an appendix to facilitate examination of the economic developments in more detail.

Also included in an appendix is the complete text of the Exchange of Letters and Notes between the Government of the United Kingdom and the Government of the United States in 1964, part of the U.K. Grains Agreement.

The material for the publication was accumulated by the author when he was involved in the negotiations of the U.K. Cereals Agreement and in the cereal negotiations of the Kennedy Round.

Persons in the United States may obtain single free copies of the report from Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D. C. 20250, Room 5918 South.

Local Production Affects

U.S. Farm Trade Prospects in the EEC

By SHELDON K. TSU and REED E. FRIEND
Foreign Regional Analysis Division, ERS

Both the EEC's record agricultural output in 1967 and its estimated production in 1968 are now major factors in the foreign sales of American farm produce. The European Economic Community (EEC) is the single biggest market for U.S. agricultural goods, and in 1967 it bought approximately $1.5 billion worth. It is also a major competitor of the United States for sales of some products.

In addition to its own increased production, EEC import policies, rate of economic growth, and changing patterns of consumer demand affect American agricultural sales. Situation analyses of some U.S. farm products are given below.

In general, though high EEC production may depress demand for some U.S. products, an accelerated economic growth in the Common Market will probably increase consumer demand for others—especially those not produced or not produced in quantity in member countries.

Wheat

In 1967 the EEC produced over 31 million metric tons of wheat, or 5 million tons more than in 1966 (but only 1 million more than in the previous record year of 1965). Another bumper harvest may occur in 1968 because of expanded wheat acreages in several countries and favorable weather. In all countries conditions were excellent in the fall of 1967 for seeding winter wheat. Crops suffered no known damage during the germinating and growing periods.

France's winter and spring wheat area is up about 6 percent from last year (at mid-March it was estimated as about 10.4 million acres). Italy's winter wheat area is reported up 10 percent to about 10.4 million acres. In West Germany winter-wheat area is up 4 percent from last year, and warm weather during March improved grain prospects. Belgium's winter-wheat area is reported up over 40 percent from 1967; however, spring wheat area is expected to be lower than a year ago.

But nearly all the wheat produced in the EEC is soft grain and much of the hard wheat (used for blending with local soft wheats in flour milling) must be imported. The Common Market is encouraging the production of hard wheat by high producer prices ($145 per metric ton) maintained by subsidies. Durum wheat is especially encouraged, and both France and Italy have expanded durum wheat acreages. Short-straw wheat varieties from the State of Washington and semi-dwarf varieties from Mexico are being tested intensively and may be grown in quantity in the future in Common Market countries.

Although sales of U.S. wheat (all hard grain) to EEC countries dropped 10 percent from the period July 1966-March 1967 to the period July 1967-March 1968, they may not decline further in spite of large EEC wheat crops. In 1967-68, sales of U.S. wheat were worth about $73 million. The factors that may aid U.S. wheat sales to the EEC are Italy's new pasta law, which became effective at the beginning of 1968, and the unsatisfactory baking characteristics of recent West German wheat crops. The new pasta law requires 100 percent durum semolina to be used in all pasta products. Italy does not now raise enough durum wheat to supply its requirements, and imports of U.S. durum wheat will probably increase this year. Imports of U.S. hard wheats to blend with West German wheats will probably step up also, though some German importers are reported to be buying French wheats of sufficient quality for blending.

The 1967 soft wheat crop produced in the EEC was greater than could be consumed in member countries—leaving an exportable surplus that could compete for sales with U.S. wheat. The same situation may repeat in 1968.

Rice

France and Italy harvested good rice crops in 1967; but output was primarily short-grain varieties, and EEC consumers prefer long-grain rice. The value of U.S. rice exports to EEC countries reached $20.1 million from July 1967 through March 1968—one-tenth above 1966-67.

With strong EEC demand for long-grain rice and record U.S. supplies, the United States should be a major exporter to the Community during 1967-68.

Feedgrains

Production of feedgrains in the EEC in 1967 is estimated at 33 million metric tons, or 4 million tons more than in 1966 and 6.4 million tons greater than the 1964-65 average. Each EEC member country achieved greater production in 1967 than in the previous year. Present indications are that 1968 feedgrain production may again be high.

Winter *barley* acreages (about one-fifth of the EEC's total barley area for 1968) have been expanded in most member countries and have been increased particularly in France and Belgium. Spring barley plantings, however, are reported to be smaller than last year in some countries because of heavy plantings of wheat last fall under favorable conditions and little winterkill of fall-sown wheat. Usually killed winter-wheat areas are plowed up and planted in spring feedgrains.

The *corn* crop in 1968 may be higher than in 1967 if drought conditions do not affect plantings in southern France. Italian corn acreage is estimated as up 10 to 15 percent this year, and use of better seed and more fertilizer should further increase the Italian crop.

The EEC entered 1967-68 with a strong feedgrain position and reasonably large supplies of forages. However, imports of feedgrains during the period July 1967 through March 1968 appear to be higher than during the comparable 1966-67 span. One reason imports were high is the large inventory of hogs, cattle, and poultry in EEC member countries.

Sales of U.S. feedgrains to EEC countries have increased recently. From July 1967 through March 1968 U.S. feedgrain exports to the EEC were worth $323 million—$17 million more than in the period July 1966 through March 1967. U.S. sales increased chiefly because EEC imports of corn from Argentina dropped sharply in late 1967 (Argen-

tina's corn crop was short because of bad weather). However, U.S. sorghum exports to the EEC are still low.

Several recent developments, however, point to increased feedgrain production and trade within the EEC and lessened imports. First, in 1967 harmonization of grain prices took place in the EEC (with the exception of Italy), and grain is now allowed to move between member countries free of tariff, levy, or most other restrictions. Second, on August 1, 1968, targets prices for corn and barley are to be increased by 4.75 percent and 3.5 percent, respectively. Because wheat prices will be unchanged, some grain growers may switch from wheat to feedgrain production. Third, levies on feedgrain imports to the EEC have been increased by about 13 percent for the 1968-69 marketing year. (See *Foreign Agriculture*, April 29, 1968, p. 4.)

Soybeans, oilcake and meal

The EEC imports soybeans and soybean oilcake and meal for its expanding mixed-feed industry, and the United States is the major supplier.

Soybean exports from the United States to the EEC totaled $213 million from July 1967 through March 1968 and were 3 percent below the value of sales during the comparable 1966-67 period. However, the volume was up 7 percent. West Germany is the major purchaser; but in recent years Italy and the Netherlands have sharply increased U.S. imports. In general, U.S. soybean exports to the Community should continue to rise—particularly if new markets are found for the oil from processing soybeans into cake and meal.

Oilcake and meal exports from the United States to the EEC from July 1967 through March 1968 were valued at over $123 million, or 17 percent above sales for the same 1966-67 period. Exports to the EEC in the marketing year October 1967 through September 1968 are expected to exceed those of 1966-67 because of continued growth in livestock production and the strong U.S. supply position. Soybeans and soybean cake and meal are imported into the EEC duty free.

Tobacco

U.S. exports to the Community from July 1967 through March 1968 were nearly 18 percent less than during the same period 1966-67 but about equal to those of 1965-66. The good quality of 1967 U.S. flue-cured tobacco and the continuing sanctions on Rhodesian output should keep U.S. exports stable the rest of this marketing year.

The U.S. competitive position in the EEC may be helped by the trade concessions granted by the Community in the Kennedy Round. Concessions include the reductions of the ad valorem duties on both cigarettes and unmanufactured tobacco.

But two possibly unfavorable developments for U.S. sales were the duty-free import of Greek and Turkish tobaccos into the EEC, effective January 1, 1968, and the Common Agricultural Policy for tobacco the EEC is considering.

Cotton

U.S. exports to the EEC for the period July 1967 through March 1968 were down sharply (about $13 million less) from the comparable 1966-67 span. The trend of decreased sales is expected to continue in the near future.

Factors decreasing U.S. cotton sales are: the reduced supply of U.S. longer-stapled upland cotton, which EEC importers prefer; the availability of other growths at sharply competitive prices; intensified substitution of manmade fibers, especially noncellulosics, in traditional cotton uses; the stiff competition that EEC textile manufacturers face from imports of both cotton and manmade fiber goods; and lowered demand in mills as a result of the decline in economic activity in West Germany. The level of future U.S. cotton exports depends on the speed of economic recovery in the EEC, longer-stapled cotton outputs in the United States, and U.S. cotton prices.

Fruits and vegetables

The EEC is attempting to upgrade the quality, expand the quantity, and improve the marketing of fruits and vegetables produced in its member countries. In 1967 it had its second consecutive large crops of both deciduous and citrus fruits and vegetables. U.S. fruit and vegetable exports to the EEC were worth about $49.9 million from July 1967 through March 1968; for the previous comparable period they were worth about $66.7 million.

In the recent Kennedy Round negotiations, the EEC granted some concessions on fruit and vegetable imports; but the benefit to the United States may be limited by the EEC's decision to apply a levy on "sugar added" in canned fruit.

Dairy products

The Community has surpluses of a number of dairy products, particularly butter, and is searching for domestic and export markets. Although consumer and export subsidies for selected dairy products have been increased, oversupplies persist.

The United States not only faces a limited market for dairy products in the EEC but may also experience pressure from the EEC in the U.S. domestic market and in other third-country markets.

Livestock and poultry

Production of beef and veal, pork, and poultry has been rising in the EEC. Consumption of beef, however, has been increasing faster than farm output. The small size of most European farms and the availability of family labor foster intensive dairy operations rather than beef raising. As a result, most of the EEC's beef output is a byproduct of the dairy industry. The EEC, therefore, is expected to remain a net importer of beef for several years.

Efforts are being made by the United States to market choice beef in the EEC, but sanitary restrictions are formidable barriers to the development of the market. The Community, however, is already an important outlet for U.S. variety meats, and sales may increase because a duty reduction from 20 to 13 percent ad valorem was achieved in the Kennedy Round negotiations.

U.S. poultry and poultry-meat exports to the EEC have been falling in value in recent years. From July 1967 through March 1968, U.S. poultry exports to the Community were 23 and 26 percent, respectively, below like periods in 1966-67 and 1965-66.

Increases in supplementary levies on turkey halves and parts have had a sharp negative impact on U.S. poultry exports to the EEC. Greater domestic poultry production in the Community has further limited U.S. sales. Furthermore, the EEC is subsidizing poultry exports and offering increased competition to U.S. sales in other countries.

Tunisia's Crops Inched Up in 1967 Further Gains Seen for This Year

Tunisia's agricultural production improved slightly last year, but not enough to pull the country out of economic stagnation brought on by poor crops in 1966. This year, however, holds promise for solid gains in agriculture, as well as in tourism, oil production, and other areas of the economy.

The index of agricultural production in 1967 was 89 compared with the low 1966 level of 78. This is still a poor showing, however, considering that the index in 1963 was 112 and that in 1957-59 (the base period) was 100. As in 1966, drought gripped much of Tunisia last year, holding down production of many crops. The wheat crop, at an estimated 330,000 metric tons, was off 5 percent from the 1966 level and 37 percent from 1965's. With barley production also low, the country was forced to import over 350,000 tons of cereals last year. Production of olive oil was more than double the poor 1966 level of 20,000 tons, but it still was not back to normal. Citrus production fell 30 percent to 77,000 tons, and production of wine continued its decline of recent years dropping 36 percent.

Because of the shortfall in most crops, Tunisia had to import large amounts of cereals and vegetable oils last year; this placed further pressure on scarce reserves and aggravated the trade and payments imbalance. Moreover, the effect continues to be felt this year, with farm cooperatives heavily in debt and struggling to obtain financing to buy fertilizers, seeds, and equipment needed for the current agricultural season.

The problems in agriculture over the past 2 years have carried over into Tunisia's economy as a whole. At constant prices, the GNP declined between 1965 and 1966 and rose only slightly in the following year; per capita income actually fell. This situation further aggravated the government's budgetary problems and prevented any increase in savings.

Plan to emphasize agriculture

In view of these generally poor results and on advice of the World Bank Consultative Group, Tunisia has decided to give higher priority to agriculture and other sectors that have a comparative advantage. This shift in policy will be reflected in the country's next 4-year plan, which begins in 1969. During that plan period, public and private investment is projected at $1.07 billion, with 20 percent for agriculture, 15 percent for mineral extractive industries (mainly phosphates and petroleum), 11 percent for tourist projects, and 8 percent for chemical industries. An annual growth rate of 6.5 percent is the aim of the plan, which includes among its many goals increased investment from within; emphasis on export industries; continued wage, price, and fiscal controls to check inflation; and a gradual liberalization of import licensing restrictions.

Upturn in agriculture seen

In the meantime, the country looks forward to larger crops this season. Although winter rains started late, delaying the sowing of wheat and barley, weather conditions have since been favorable. This is expected to result in at least an average wheat crop of 450,000 tons. A larger olive crop could mean a doubling of this year's olive oil production—to the 1965 level—and there should be a bigger citrus crop. These improvements will ease the pressure on the economy somewhat and allow for an increase in savings and budgetary revenues.

Of longer term significance is the initiation of a program to increase wheat production. New high-yielding wheat varieties developed by the Rockefeller Foundation in Mexico are being tested on 32 farms in the north. This program, which involves improved varieties of Tunisian seed as well, is expected to grow next year if the results are promising. If the program is successful, it could substantially increase Tunisia's wheat production within the next few years.

The country is also pursuing a major program to develop irrigated land. The Oued Nebhana Dam will begin irrigating nearly 5,000 acres later this year, working toward an ultimate goal of 12,000. A program to tap deep underground water is also moving into high gear, with approximately 100 new producing wells expected this year. These and other measures should nearly double the irrigated area to 350,000 acres by the early 1970's.

Agricultural imports may fall

If forecasts for an improved agricultural season materialize, Tunisia's trade balance will show a modest improvement in 1968. With a better year, the country will be able to reduce its purchases of cereals and vegetable oils below the record level of 1967 and to expand its exports of olive oil. However, wine—which in the early 1960's accounted for nearly 20 percent of exports—continues its fall to a minor position, never having recovered from the loss of its preferential market in France.

Trade with the United States—long Tunisia's No. 2 supplier behind France—will remain at a high level in 1968. Last year, the United States saw its share of the Tunisian market rise to 25.4 percent from the 16.4 percent of 1966, and it will be a close second to France again in 1968. As in the past, imports from the United States are moving largely under the P.L. 480 program. Most important of these are grains, which hit $18.7 million in 1967; soybean oil, $10.4 million; and raw cotton, $1.5 million.

In the trade area, a main concern of Tunisia in 1968 is to continue pushing for associate membership with the EEC. Although France's relative position as Tunisia's most important trading partner has declined in recent years, Tunisia's ties with that country and other members of the EEC remain of great importance. And Tunisia continues to give selected tariff preference to certain manufactured French goods in return for such treatment for Tunisian olive oil, phosphates, preserved foodstuffs, and other exports.

Canadian Export Rate

Canada's exports of wheat, rye, flaxseed, and rapeseed slowed considerably during the first half of 1967-68, according to the Canadian Board of Grain Commissioners. But exports of barley and oats increased.

The Commissioners' report shows wheat exports during August 1, 1967-April 3, 1968 at 160.3 million bushels, compared with 317.0 million in the same period a year earlier. This led to a sharp rise in wheat stocks, estimated at a record 908.7 million bushels on March 31, 1968.

The 1967-68 export rate for flaxseed dropped to about 70 percent of the reduced 1966-67 level. Shipments of barley and oats both increased, while those of rye decreased. Rapeseed exports decreased 1 million bushels to 7.9 million.

Clockwise from right: Hawaiian pineapples arriving at Düsseldorf Airport get VIP reception; VeGe window provides a view of U.S. scenes and foods; U.S. Embassy's square-dance group entertaining at the KOMA-Süd press conference; customer chats with demonstrator in a KOMA-Süd retail store.

U.S. Foods Star in German Stores

American foods—particularly chicken, soybean oil, pineapple (fresh and canned), and long-grain rice—won widespread acceptance in West German self-service stores during May. In-store promotions as part of the continuing FAS in-store program involved some 1,850 retail outlets of two big food chains, Koch & Mann, South (KOMA-Süd), and VeGe Zentrale Ruhr. Wholesale turnover totaled over $500,000 in the 2 sale weeks.

During the week of May 6-13, KOMA-Süd supplied approximately 1,500 participating retailers in the Cologne-to-Wiesbaden area with a wide range of U.S.-origin foods at attractive wholesale prices. It also supplied (with the aid of USDA and U.S. commodity cooperators) display materials, a handbill for every local household, and even KOMA-labeled balloons for the younger customers.

Biggest wholesale turnover for KOMA-Süd was achieved by canned chickens and poultry parts. Also big sellers were pure soybean table oil, canned pineapple, canned peaches, long-grain rice, and Golden Toast bread (made from at least 50 percent U.S. wheat). Other popular items: Sultanas, prunes, almonds, fruit cocktail, juices (orange, lemon, vegetable), honey, peanut butter, popcorn.

During the week of May 16-23, VeGe Zentrale Ruhr performed the same kind of service for its 350 retail outlets in the Essen area. Star item was an air shipment of fresh Hawaiian pineapples, believed to be a first for Germany. Admittedly a "loss leader" at $1.75 each (including air freight and duty), these pineapples made a stunning impact by their size and quality and the speed of their 10,000-mile, 30-hour trip. One onlooker said they compared to the African pineapples available in Germany as an elephant compares to a mouse.

Other German store promotions are being planned for the fall of 1968 and the spring of 1969.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between May 28 and June 4, 1968, changes in offer prices were mixed in Rotterdam. All U.S. wheats decreased, Spring by 3 cents, Hard Winter, 13 percent by 2 cents, and Soft Red Winter by 1 cent. Argentine wheat increased by 1 cent and Canadian Manitoba by 2 cents.

The price of Argentine corn increased 3 cents, and South African White 1 cent. The price for U.S. corn was down 1 cent.

In late April, the Argentine corn price reached its normal seasonal low, at about $1.43. At that time this was about 9 cents above the price of U.S. No. 3. Since then, Argentine corn has risen by about 6 cents, while the price for U.S. corn has been more or less unchanged.

Item	June 4	May 28	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.03	2.01	2.18
USSR 121	1.88	1.88	(1)
U.S. No. 2 Dark Northern Spring, 14 percent	1.89	1.92	2.13
U.S. No. 2 Hard Winter, 12 percent	[2] 1.77	[2] 1.79	2.00
Argentine	1.89	1.88	(1)
U.S. No. 2 Soft Red Winter	1.57	1.58	1.85
Corn:			
U.S. No. 3 Yellow	1.33	1.34	1.54
Argentine Plate	1.52	1.49	1.56
South African White	1.49	1.48	1.57

[1] Not quoted. [2] Hard Winter, 13 percent.
Note: All quotes c.i.f. Rotterdam and for 30- to 60-day delivery.

Sierra Leone's Ginger Exports Soar

Reflecting higher production, exports of ginger from Sierra Leone during 1967 totaled 3.7 million pounds, more than triple the quantity shipped during the year before. Sales during 1967 were also aided by reduced competition from Nigerian exports which were off sharply as a result of a smaller harvest and internal tribal conflicts.

The major recipients of Sierra Leone's exports were the United Kingdom (2.6 million pounds); the United States (459,200 pounds); and the Netherlands (351,680 pounds).

U.S. Cotton Exports Continue High

U.S. cotton exports in April 1968 were 406,000 bales, sharply above the 288,000 shipped in April 1967, and near the 436,000 bales exported last month. Shipments for the 9-month period (August-April) total 3,188,000 bales, compared with 3,726,000 during the same period last season.

Exports to Europe in the 9 months are down to 868,000 bales from 1,053,000 a year earlier, primarily because of lower shipments to West Germany and Yugoslavia. Exports to Japan during this period, at 828,000 bales, are down more than 200,000 from those of a year earlier. Shipments to Indonesia and Canada are also down sharply. Shipments to India and Hong Kong are much larger than in the same period in 1966-67.

U.S. COTTON EXPORTS BY DESTINATION
(Running bales)

Destination	Year beginning August 1				
	Average			Aug.-April	
	1960-64	1965	1966	1966	1967
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	3	4	4	1
Belgium-Luxembourg	121	43	52	47	35
Denmark	14	7	8	6	7
Finland	17	8	15	13	9
France	319	108	163	137	122
Germany, West	269	92	159	140	88
Italy	345	102	263	205	209
Netherlands	110	38	31	27	28
Norway	13	10	10	9	5
Poland & Danzig	125	42	78	68	59
Portugal	21	6	1	1	5
Spain	74	10	1	1	5
Sweden	81	59	71	57	65
Switzerland	74	35	79	68	52
United Kingdom	244	131	153	123	101
Yugoslavia	112	169	139	135	59
Other Europe	17	12	11	12	18
Total Europe	1,979	875	1,238	1,053	868
Australia	61	33	17	14	17
Bolivia	7	4	9	9	0
Canada	353	269	297	226	123
Chile	18	3	3	3	1
Colombia	3	57	1	1	0
Congo (Kinshasa)	6	25	34	8	(1)
Ethiopia	9	20	9	6	19
Ghana	1	1	15	9	5
Hong Kong	148	94	183	146	216
India	314	63	289	195	305
Indonesia	40	(1)	161	155	12
Israel	15	5	2	1	3
Jamaica	4	5	5	5	1
Japan	1,192	705	1,293	1,058	828
Korea, Republic of	261	301	372	250	262
Morocco	12	12	14	10	22
Pakistan	14	6	3	3	18
Philippines	123	93	134	112	94
South Africa	41	27	38	34	20
Taiwan	209	178	373	295	260
Thailand	34	55	70	50	64
Tunisia	2	13	15	13	14
Uruguay	6	(1)	0	0	0
Venezuela	8	5	1	1	(1)
Vietnam, South	46	73	66	49	10
Other countries	18	20	27	20	26
Total	4,924	2,942	4,669	3,726	3,188

[1] Less than 500 bales.

Italy Expects Bumper Almond Crop

Italy's 1968 almond crop is forecast at 55,000 short tons of kernels. This would be the largest crop since the 66,000-ton harvest in 1961 and the fifth year in a row that Italy has produced an above-average crop. It appears that Italy has gotten away from the biennial cycle of one poor crop and one good crop that is characteristic of almond production.

This indicates that improved cultural practices, which are becoming increasingly popular, are paying off.

It appears that carryover stocks will be minimal at the beginning of the new season in September. Exports during the first 6 months of the current season totaled 22,422 short tons as against 23,731 a year earlier. However, during the remainder of the season, exports are expected to make up this small deficit and final sales should about equal the 34,945 tons kernel basis shipped in 1966-67.

The stepped-up pace of exports should be assured both because of the increasing shortage of almonds in other exporting countries and as a result of a recent slight downturn in prices. The price for shelled, unselected Baris dropped to a monthly average of 65.9 cents a pound (f.o.b. Bari) in May from 67.5 cents the month before.

ITALY'S ALMOND SUPPLY AND DISTRIBUTION
(Shelled basis)

Item	Year beginning September 1			
	Average 1961-65	1965-66	1966-67	1967-68
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Sept. 1)	4.0	6.0	5.0	3.0
Production	40.5	41.0	42.0	44.0
Imports	.2	.2	.1	0
Total supply	44.7	47.2	47.1	47.0
Exports	32.0	30.2	34.9	35.0
Domestic disappearance	7.9	12.0	9.2	10.0
Ending stocks (Aug. 31)	4.8	5.0	3.0	2.0
Total distribution	44.7	47.2	47.1	47.0

Spain Expects Record Almond Crop

Favorable weather conditions and larger bearing acreage indicate a record Spanish almond crop in 1968. Early estimates place the crop at 52,000 short tons, kernel basis, 73 percent above the 1967 crop of 30,000 tons and 66 percent above the 1962-66 average. The increased bearing acreage is principally located in the Balearic Islands and Castellon.

Exports of 1967 crop almonds are forecast at 24,000 tons, 25 percent below the 1966 total of 32,000 and slightly below the 1961-65 average. Current stocks are reportedly low and carryover is expected to approach 1,000 tons, about half the total carried into the 1967 season.

SPAIN'S ALMOND SUPPLY AND DISTRIBUTION
[Shelled basis]

Item	Average 1961-65	1965-66	1966-67	1967-68
	1,000 tons	*1,000 tons*	*1,000 tons*	*1,000 tons*
Beginning stocks, (Sept. 1)	2.6	2.0	1.0	2.0
Production	30.2	30.0	41.0	30.0
Total supply	32.8	32.0	42.0	32.0
Exports	24.7	24.2	32.2	24.0
Domestic disappearance	6.5	6.8	7.8	7.0
Ending stocks (Aug. 31)	1.6	1.0	2.0	1.0
Total distribution	32.8	32.0	42.0	32.0

Large 1968 Nut Crop Expected in Brazil

Brazil's 1968 harvest of brazil nuts is preliminarily estimated at 43,000 short tons—up sharply from the 29,000-ton 1967 output. Floods in the Tocantins River basin in March caused fears of losses, but it now appears that the harvest in that area will be ample.

In addition, there were reports early in the season that some exporters planned to withhold nuts from the market until prices improved, but no such action materialized.

Export prices f.o.b. by type are reported as follows:

	U.S. cents per lb.
Shelled assortment	40
Unshelled dehydrated	15
Unshelled natural	9

These prices have prevailed since January, but the price to gatherers was reduced in April from 24 new cruzeiros per hectoliter (about 6.8 cents a pound) to 22 cruzeiros (about 6.25 cents a pound).

During 1967, Brazil exported 30,100 short tons of brazil nuts (in-shell basis), down considerably from the 49,600 tons exported the year before. Of the 1967 sales, 50 percent went to the United States, 28 percent to the United Kingdom, and 14 percent to West Germany.

BRAZIL'S SUPPLY AND DISTRIBUTION OF BRAZIL NUTS

Item	1966	1967	1968
	1,000 short tons	*1,000 short tons*	*1,000 short tons*
Beginning stocks (January 1)	....	3.0	1.0
Production	55.0	29.0	43.0
Imports	....	....	....
Total supply	55.0	32.0	44.0
Exports	49.6	30.1	41.0
Domestic disappearance	2.4	.9	1.5
Ending stocks (December 31)	3.0	1.0	1.5
Total distribution	55.0	32.0	44.0

Large Turkish Filbert Crop Forecast

The 1968 Turkish filbert crop is forecast at 160,000 short tons in-shell basis—more than double the small 1967 harvest and 21 percent above average. Because this crop suffers from a severe 2-year cycle of a small crop followed by a large crop, this is not an unusually large crop for an "on" year. Also, carry-over stocks, which were estimated at 65,000 short tons at the beginning of the 1967-68 season, will be minimal at the beginning of the coming season.

TURKEY'S FILBERT SUPPLY AND DISTRIBUTION
[In-shell basis]

Item	Average 1961-65	Year beginning Sept. 1 1965	1966	Preliminary 1967
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Sept. 1)	22.2	64.0	20.0	65.0
Production	116.8	75.0	200.0	75.0
Total supply	139.0	139.0	220.0	140.0
Exports	108.7	101.7	140.1	130.0
Domestic disappearance [1]	8.5	17.3	14.9	8.0
Ending stocks (Aug. 31)	21.8	20.0	65.0	2.0
Total distribution	139.0	139.0	220.0	140.0

[1] Includes quantities pressed for oil.

This and the stability furnished by the price supporting purchases by Fiskobirlik—the government sponsored cooperative—indicate the export prices will be maintained at near 1967-68 levels. In fact, export offers are reportedly being made in the neighborhood of 56 cents per pound for 1968-crop Kemssundes. The price in early September 1967 was 52.8 cents. However, no definite statement on prices for the 1968 crop can be made at this early date.

Meat Imports Subject to Quota Up

U.S. meat imports subject to quota restrictions in April 1968 totaled 78.4 million pounds. This level was 33 percent greater than for the same period a year earlier when imports totaled 58.8 million pounds. Imports for the first 4 months of 1968 totaled 295.9 million pounds compared to 256.8 million for the first 4 months of 1967—a 15-percent increase over a year earlier.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW
(Public Law 88-482)

Imports	April	January-April
	Million pounds	*Million pounds*
1968:		
Subject to Meat Import Law [1]	78.4	295.9
Total beef and veal [2]	85.2	322.9
Total red meat [3]	121.3	470.0
1967:		
Subject to Meat Import Law [1]	58.8	256.6
Total beef and veal [2]	61.7	276.9
Total red meat [3]	93.5	405.1
1966:		
Subject to Meat Import Law [1]	63.3	224.5
Total beef and veal [2]	64.9	236.8
Total red meat [3]	103.0	377.9

[1] Fresh, chilled and frozen beef, veal, mutton and goat meat. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, mutton and goat.

U.S. Exports of Soybeans and Products

Soybean exports during April totaled 21.6 million bushels, slightly less than the 21.7 million exported in 1967. The September-April total, however, of 193.5 million bushels remained ahead of last year's exports by 6.7 million. Larger shipments to Japan, the Netherlands, Denmark, and Spain offset the decline in exports to Israel, Italy, France, and Canada.

Exports of soybean and cottonseed oil dropped to 65.2 million pounds, 30 percent less than the 93.6 million exported last April. The October-April total of 568.0 million pounds fell 43.5 million below last year's 7-month total. Less oil shipped under PL 480 accounted for the decline.

Soybean meal exports in April of 203,600 tons were 5,500 less than the 209,100 tons shipped last year. While exports to the EEC declined 30,700 tons, exports to other countries including the United Kingdom, Denmark, Poland, Hungary, and Portugal showed a marked gain of over 25,000 tons. This year's cumulative exports of 1.75 million tons exceeded last year's October-April total by 11 percent.

Total cake and meal exports of 1.85 million tons maintained a 10-percent increase over last year's 1.68 million tons due to the larger exports of soybean meal and the slight increase in linseed meal. Very little cottonseed meal has been exported.

U.S. EXPORTS OF SOYBEANS AND PRODUCTS

Item and country of destination	Unit	April		Sept.-April	
		1967 [1]	1968 [1]	1966-67 [1]	1967-68 [1]
SOYBEANS					
Belgium	Mil. bu.	1.1	0.7	6.5	5.8
France	do.	.3	0	1.9	.4
Germany, West	do.	3.4	3.3	24.3	24.6
Italy	do.	.8	0	13.1	11.3
Netherlands	do.	2.2	1.8	25.2	29.8
Total EEC	do.	7.8	5.8	71.0	71.9
Japan	do	4.6	7.3	42.1	50.8
Spain	do.	3.5	1.5	19.0	19.8
Canada	do.	1.8	1.6	15.2	13.4
Denmark	do.	1.0	2.1	10.6	12.3
Israel	do.	0	1.1	9.4	7.2
Others	do.	3.0	2.2	19.5	18.1
Total	do.	21.7	21.6	186.8	193.5
Oil equivalent	Mil. lb.	238.0	237.3	2,051.1	2,125.1
Meal equivalent	1,000 tons	509.3	507.9	4,390.0	4,548.3
		April		Oct.-April	
EDIBLE OILS		1967 [1]	1968 [1]	1966-67 [1]	1967-68 [1]
Soybean: [2]					
Pakistan	Mil. lb.	3.5	17.1	45.6	124.6
India	do.	10.8	2.0	98.3	113.5
Tunisia	do.	19.2	2.6	64.3	63.0
Morocco	do.	2.0	0	7.2	26.9
Israel	do.	.2	.6	11.8	21.8
Vietnam, South	do.	0	0	18.9	21.8
Dominican Republic	do.	.3	3.3	6.7	19.4
Brazil	do.	4.0	.2	16.1	12.9
Canada	do.	1.5	1.7	12.5	12.7
Haiti	do.	1.4	2.3	7.9	9.8
Other	do.	25.1	25.9	261.9	106.9
Total	do.	68.0	55.7	551.2	533.3
Cottonseed: [2]					
Venezuela	do.	5.6	6.3	20.7	23.5
Canada	do.	1.4	1.0	5.0	5.1
Japan	do.	0	.8	1.0	1.7
Others	do.	18.6	1.4	33.6	4.4
Total	do.	25.6	9.5	60.3	34.7
Total oils	do.	93.6	65.2	611.5	568.0
CAKES AND MEALS					
Soybean:					
Belgium	1,000 tons	11.7	14.6	114.0	174.4
France	do.	37.7	32.3	268.1	287.8
Germany, West	do.	46.4	31.9	311.7	324.2
Italy	do.	.1	8.0	97.8	86.3
Netherlands	do.	53.1	31.5	221.3	313.9
Total EEC	do.	149.0	118.3	1,012.9	1,186.6
Canada	do.	20.5	18.5	132.2	133.5
United Kingdom	do.	4.2	11.5	47.5	69.8
Denmark	do.	6.3	8.7	64.0	56.5
Poland	do.	4.8	12.6	35.6	47.7
Yugoslavia	do.	4.2	0	93.9	47.0
Others	do.	20.1	34.0	203.4	204.5
Total	do.	209.1	203.6	1,589.5	1,745.6
Cottonseed	do.	.5	.5	5.8	2.0
Linseed	do.	(3)	.6	67.0	73.8
Total cakes and meals [4]	do.	213.0	209.8	1,675.5	1,847.3

[1] Preliminary. [2] Includes shipments under P.L. 480 as reported by Census. [3] Less than 50 tons. [4] Includes peanut cake and meal and small quantities of other cakes and meals.
Compiled from Census records.

South African Peanut, Sunflower Crops Down

South Africa's 1967-68 peanut and sunflower crops are down sharply from last year's levels. The third official esti-

mate placed peanut production at 162,000 short tons, shelled basis, compared with last year's record crop of 315,000 tons. Sunflowerseed production is estimated at 97,000 tons, down from the 111,000 tons produced in 1966-67.

Although areas planted to peanuts and to sunflowerseed increased 18 and 6 percent, respectively, weather during the growing season was not as favorable as last year.

The smaller crops will result in a decrease in exports. Peanut exports in the marketing year beginning May 1, 1968, are forecast at 30,000 tons compared with 187,000 a year earlier. Sunflowerseed exports may total only about 3,500 tons, against 5,500 in 1966-67.

Italy Crushes More Oilseeds To Meet Need

Italy's production of vegetable oils, excluding olive oil, totaled 429,200 metric tons in 1967, an increase of 12 percent over the previous year's output. Oil produced from imported oilseeds reached 362,600 tons, 10 percent more than in 1966, owing to larger imports of soybeans, rapeseed, and sunflowerseed. Oil from domestic oilseeds, mainly corn oil and grapeseed oil, totaled 66,600 tons, compared with last year's production of 54,500 tons.

Imported soybeans yielded approximately 101,000 tons of soybean oil and 475,400 of soybean meal. Imports from the United States of 480,000 tons (17.6 mil. bu.) represented 80 percent of the total and an increase of 4 percent over 1966 imports. U.S. soybeans provided an estimated 86,400 tons (190.5 mil. lb.) of soybean oil and 369,600 of meal. While no soybean oil was purchased from the United States, some 14,100 tons of soybean oil were imported, mainly from EEC countries. Imports in 1966 amounted to only 2,300 tons.

The increase in 1967 is attributed largely to the fact that vegetable oils may now be imported duty free in intra-Community trade. Italy also imported an additional 169,600 tons of soybean meal in 1967. Imports from the United States increased by one-third, reaching 162,800 tons and accounted for 96 percent of the total.

ITALY'S VEGETABLE OIL PRODUCTION

Commodity	Imported seed	Domestic seed	Total
	Metric tons	*Metric tons*	*Metric tons*
Soybean oil	101.0	0.1	101.1
Rapeseed oil	88.6	1.8	90.4
Sunflowerseed oil	74.7	.7	75.4
Corn oil	....	33.6	33.6
Grapeseed oil	....	23.2	23.2
Other	98.3	7.2	105.5
Total 1967	362.6	66.6	429.2
Total 1966	327.6	54.5	382.1
Total 1965	230.6	52.1	282.7

Central Institute of Statistics, Assoliosemi.

Rapeseed, mainly from Canada and Poland, supplied 88,600 tons of oil and 126,300 of meal. Close to 20,000 tons of rapeseed oil were imported, compared with 1,300 in 1966. All but 2 percent of the rapeseed oil imported came from EEC member countries. Rapeseed meal imports were negligible. Italy retained for domestic use only 35 percent of rapeseed meal production and exported the remainder to Western European countries.

Sunflowerseed, principally from Bulgaria and Romania, yielded 74,700 tons of oil and 111,100 of meal, compared with last year's output of 47,900 tons of oil and 71,300 of meal. Imports of sunflower oil, which are combined with corn oil in Italian trade statistics, reached 21,200 tons compared with only 44 a year ago. Over 82 percent of the oil came from Eastern Europe and the Soviet Union. No sunflower meal was imported in 1967. Exports, mainly to Europe, totaled 18,600 tons, compared with 12,303 in 1966.

Increased U.S. Leaf Exports in April

April exports of U.S. leaf climbed to 36.9 million pounds, 8 million pounds above March shipments. Exports of flue-cured, the biggest export crop, showed a 25-percent gain over the previous month.

Total exports for July 1967-April 1968 were 475.5 million pounds, compared to 539.8 million for the July 1966-April 1967 period.

Exports of tobacco products in April were valued at $12.9 million.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	April		January-April		Change from 1967
	1967	1968	1967	1968	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	37,614	25,800	115,443	111,973	−3.0
Burley	6,282	4,026	18,637	12,988	−30.3
Dark-fired Ky.-Tenn.	1,773	914	7,713	4,657	−39.6
Va. Fire-cured [1]	298	210	1,802	1,570	−12.9
Maryland	2,373	1,072	4,884	3,433	−29.7
Green River	76	38	188	251	+33.5
One Sucker	377	100	459	107	−76.7
Black Fat	317	306	1,540	974	−36.8
Cigar wrapper	574	974	875	1,695	+93.7
Cigar binder	330	121	562	328	−41.6
Cigar filler	47	22	195	127	−34.9
Other	3,220	3,351	11,068	16,725	+51.1
Total	53,281	36,934	163,366	154,828	−5.2
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	46.5	32.4	139.3	133.0	−4.5

[1] Includes sun-cured.
Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	April		January-April		Change from 1967
	1967	1968	1967	1968	
Cigars and cheroots					*Percent*
1,000 pieces	10,257	4,950	23,564	28,344	+20.3
Cigarettes					
Million pieces	2,059	2,298	7,761	7,327	−5.6
Chewing and snuff					
1,000 pounds	29	23	78	92	+17.9
Smoking tobacco in pkgs., 1,000 pounds	100	169	357	561	+57.1
Smoking tobacco in bulk, 1,000 pounds	1,140	835	4,641	4,653	+.3
Total declared value					
Million dollars	11.5	12.9	43.4	43.5	+.2

Bureau of hte Census.

Sweden Imports Less Tobacco

Sweden's imports of unmanufactured tobacco (including stems) in 1967 dropped a little from the big 1966 total.

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Imports, at 24.4 million pounds, were down 9 percent from the 26.8 million in 1966.

The United States supplied 18.5 million pounds, or 76 percent of total imports in 1967, compared with 87 percent in 1966. Other principal sources of Sweden's tobacco imports were Brazil, Cuba, Greece, and Colombia.

SWEDEN'S TOBACCO IMPORTS

Origin	1966	1967[1]
	1,000 pounds	*1,000 pounds*
United States	23,162	18,499
Brazil	168	939
Cuba	99	895
Greece	692	847
Colombia	492	434
Turkey	225	428
Indonesia	26	399
Malawi	522	331
Yugoslavia	—	243
Mexico	518	181
Others	875	1,222
Total	26,779	24,418

[1] Preliminary; subject to revision.

Smaller Tobacco Crop in Guatemala

The 1967-68 crop of tobacco in Guatemala is placed at 6.8 million pounds, compared with the 1966-67 harvest of 8.8 million. The drop followed reduced plantings for the current crop.

Production of flue-cured in 1967-68 is estimated at 2.9 million pounds, compared with 2.2 million last season. Burley production at 1.5 million is 20 percent smaller than the 1966-67 crop, while the Copan harvest, at 2.4 million, is about half as large as in the previous season.

Indications are that the crop to be grown in 1968-69 will be somewhat larger than that for this season.

Colombia Forecasts Smaller Tobacco Crop

The 1968 tobacco harvest in Colombia is estimated at 91.5 million pounds, compared with 93.7 million in 1967 and 97.8 million in 1966. Acreage is down 2 percent this year, because of the large stocks in the country and uncertain export demand.

Production of light types of tobacco (flue-cured and burley) is expected to be the same this year as a year ago—2.2 million pounds. Production of dark air-cured types, other than cigar leaf, is placed at 52.5 million pounds, compared with 1967's 53.8 million. The harvest of cigar types, at 36.8 million compares with last year's crop of 37.7 million.

Partial information covering exports of Colombian tobacco in 1967 indicates that exports totaled about 26.5 million pounds for the full calendar year. Exports to the United States during the period January-October 1967 totaled 3.5 million pounds, compared with 4.0 million for the similar period of 1966. Exports to both Spain and the Netherlands were well below those of January-October 1966. West Germany, however, the principal overseas market for Colombian tobacco, purchased 10.2 million pounds in the first 10 months of 1967, up 43 percent from the like period of 1966.

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